

Message Text

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PAGE 01 NEW DE 00004 290039Z

60

ACTION EB-11

INFO OCT-01 NEA-10 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

OMB-01 SWF-02 DRC-01 /179 W
----- 001416

R 280710Z MAR 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 0526

INFO US MISSION GENEVA 1179

LIMITED OFFICIAL USE NEW DELHI 4U

E.O. 11652: N/A

TAGS: ETRD GATT IN

SUBJ: GATT COUNCIL, MARCH 28: INDIAN WAIVER REQUEST (AUXILIARY
DUTIES)

REF: STATE 060730

1. BEFORE WE RECEIVED REFTEL, WE HAD ALREADY SEEN NARASIMHAN (WHO SEEMS TO BE THE ONLY MAN IN THE GOI THESE DAYS WITH ANY KNOWLEDGE OR CONCERN ABOUT GATT) ABOUT THE JUSTIFICATION FOR THE CONTINUATION AND INCREASE IN AUXILIARY DUTIES. HE HAD JUST RETURNED FROM ALGERIA'S NON-ALIGNED CONFERENCE, BUT SAID HE HAD ALREADY FURNISHED INDIAN GATT MISSION WITH POSITION FOR DEFENDING EXTENSION OF WAIVER FOR AUXILIARY DUTIES. HE SAID IT DREW HEAVILY ON FINANCE MINISTER CHAVAN'S BUDGET SPEECH. WE NOTE THIS SPEECH GAVE OIL PRICE INCREASE AS ONLY ONE FACTOR IN INDIA'S CURRENT ECONOMIC DIFFICULTIES. IN FACT, CHAVAN'S SPEECH GAVE A STRONG INDICATION THAT IN THE DIFFICULT SEARCH FOR REVENUE IN INDIA AT THE MOMENT, HE WOULD HAVE LIKED TO HAVE PUT A LOT MORE OF THE BURDEN ON INCREASED CUSTOMS DUTIES, BUT DID SO ONLY IN A "MARGINAL" WAY BECAUSE IMPORT PRICES WERE ALREADY SO HIGH.

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2. WE CONSIDER IT UNREALISTIC TO PRESS INDIA FOR A DATE WHEN THE AUXILIARY DUTIES WILL BE ELIMINATED. IT WOULD BE BETTER TO PRESS THEM TO CONSOLIDATE THE TARIFFS IN THE SHIFTING OVER TO BTN IN A WAY THAT WILL MAKE THE WHOLE PACKAGE GATTABLE.

3. WE REPEAT WHAT WE HAVE SAID SO OFTEN. IT ISN'T TARIFF LEVELS THAT INHIBIT INDIAN IMPORTS; IT IS ADMINISTRATIVE CONTROLS. WE CONTINUE TO BELIEVE THIS IS WHERE OUR PRINCIPAL FIRE SHOULD BE DIRECTED. THE ANNUAL IMPORT POLICY TO BE ISSUED ON APRIL 1 IS A CUSTOMARY OCCASION TO ADD MORE ITEMS TO THE RESTRICTED IMPORTS LISTS, AND WE ANTICIPATE SOME NASTY SHOCKS THIS APRIL 1 -- BUT WE WILL BE POWERLESS SINCE INDIA IS COVERED BY ITS BALANCE-OF-PAYMENTS WAIVER.
MOYNIHAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 28 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE00004
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974035/aaaaaeoe.tel
Line Count: 74
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2002 by boyleja>; APPROVED <30 JUL 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ETRD, IN, GATT
To: SECSTATE WASHDC GENEVA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005